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United Nations Industrial Development Organization

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Industrial Development Board

Nineteenth session
Vienna, 18-20 May 1998
Item 3 of the provisional agenda

PROVISIONAL AGENDA

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3. Adoption of the agenda.
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8. Field representation.
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Industrial Development Board

Nineteenth session
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ANNOTATED PROVISIONAL AGENDA

Item 1. Opening of the session

The nineteenth session of the Board will be opened by the President of the eighteenth session, Mr. István Posta (Hungary).

Item 2. Election of officers

In accordance with rule 23.1 of the rules of procedure, each year, at the commencement of its first regular session, the Board shall elect from among the representatives of its members a President, three Vice-Presidents and a Rapporteur. Rule 23.3 also stipulates that the offices of the President, the three Vice-Presidents and the Rapporteur shall be subject to equitable geographical rotation within a five-year cycle described in appendix A to the rules of procedure. Accordingly, for the nineteenth session, the President should be elected from members of the Board among the States included in List C of Annex I to the Constitution, and the three Vice-Presidents should be elected from members of the Board among the African States and Asian States in List A, and the States in List B, respectively. The Rapporteur should be elected from among the representatives of members of the Board among the States included in List D.

Item 3. Adoption of the agenda

A provisional agenda for the nineteenth session, based on the provisional agenda adopted by the Board at its eighteenth session (IDB.18/Dec.18), and including other items referred to the nineteenth session, is submitted to the Board for adoption in document IDB.19/1.

The Board will have before it:

- Provisional agenda (IDB.19/1)
- Annotated provisional agenda (IDB.19/1/Add.1)
- List of documents (IDB.19/CRP.4)

Item 4. Annual report of the Director-General on the activities of the Organization in 1997

In accordance with Article 11.6 of the Constitution, the Director-General is to prepare an annual report on the activities of the Organization. In its resolution GC.4/Res.2, the General Conference at its fourth session requested the Director-General to fully incorporate in future annual reports the programme performance report according to Board decision IDB.7/Dec.11.

In resolution GC.6/Res.2, the General Conference requested the Director-General to adapt, beginning with the Annual Report of UNIDO 1995, the annual report into a consolidated report covering (i) new technical cooperation programmes, (ii) progress on current programmes and (iii) an assessment of completed programmes.

The Board will have before it:

- Annual Report of UNIDO 1997 (including programme performance report for 1997) (IDB.19/10-PBC.14/10, Add.1 and Add.2)

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Article 9.4 (d) of the Constitution stipulates that the Board shall request Members to furnish information on their activities related to the work of the Organization. In decision IDB.1/Dec.29, Member States were requested to inform the Board on their activities related to the work of the Organization when reviewing the Annual Report on the activities of the Organization. Member States may wish to include this information in the oral statements delivered by their representatives under this item. Such statements would be reflected in the summary records of the Board.

Item 5. UNIDO technical cooperation activities in 1997, including operational activities for development

Resolution 50/120 adopted by the United Nations General Assembly at its fiftieth session further developed various elements contained in its resolution 47/199 on the triennial policy review of the operational activities for development within the United Nations. In resolution 47/199 the General Assembly requested the governing bodies of the specialized agencies to take appropriate action for the full implementation of the resolution and requested the respective executive heads to submit a yearly progress report to their governing bodies on measures taken and to be taken for its implementation.

The Board will have before it:

- Operational activities for development. Note by the Director-General (IDB.19/3)

Item 6. Second Industrial Development Decade for Africa

The General Conference at its sixth session requested the Director-General to provide progress reports to the Board on the implementation of the programme for the Second Industrial Development Decade for Africa (GC.6/Res.11).

The Board will have before it:

- Implementation of the programme for the Second Industrial Development Decade for Africa. Report by the Director-General (IDB.19/5)

Item 7. Industrialization of the least developed countries

In resolution GC.6/Res.8, the General Conference requested the Director-General to provide progress reports on the implementation of the programme to the sessions of the Board and to report to the Conference through the Board on the implementation of that resolution. Subsequently, the Board at its sixteenth session adopted decision IDB.16/Dec.14, in which it requested the Director-General to continue to report on the implementation of the projects in the least developed countries.

The Board will have before it:

- Implementation of the least developed countries programme. Progress report by the Director-General (IDB.19/8)

Item 8. Field representation

Among the mandates contained in resolution GC.7/Res.11 was a request for the Director-General to develop and implement, in consultation with Member States, a final proposal for country coverage and location of country and subregional field offices, based on objective criteria, in accordance with the Business Plan, and on the work of the ad hoc open-ended working group on issues related to field representation. The Conference also requested the Director-General to present a progress report to the Board at its nineteenth session.

The Board will have before it:

- Field representation. Progress report by the Director-General (IDB.19/11)

Item 9. International Centre for Science and High Technology

Following the adoption by the Industrial Development Board of decision IDB.18/Dec.16, the General Conference at its seventh session adopted resolution GC.7/Res.12 in which it took note of the ending of the Institutional Agreement between the Government of Italy and UNIDO regarding the International Centre for Science and High Technology. The Conference requested the Director-General to initiate consultations with UNESCO and the Government of Italy and to present a progress report on those consultations to the Board at its nineteenth session.

The Board will have before it:

- International Centre for Science and High Technology. Progress report by the Director-General (IDB.19/7)

Item 10. Performance indicators

The Board, in decision IDB.18/Dec.14, requested the intersessional working group on the future role and functions of UNIDO to continue its work under the chairmanship of Mr. I. Posta (Hungary). The Board

requested the working group in particular to further develop, in consultation with the Secretariat, a set of criteria and indicators that would allow the future assessment of the implications and monitoring of the implementation of the UNIDO reform process, including the performance of the Organization, in particular through the programme and budgets. The Board requested the Chairman of the working group to report to the Board at its nineteenth session.

The Board will have before it:

- Intersessional working group on the future role and functions of UNIDO. Report of the Chairman (Mr. I. Posta, Hungary, President, Industrial Development Board) (IDB.19/6)

- Performance indicators for UNIDO. Note by the Secretariat (IDB.19/CRP.2)

Item 11. Timely payment of assessed contributions

At its twelfth session, the Programme and Budget Committee, in conclusion 97/12, noted with concern the very irregular payment pattern by Member States and the consequences it might have on the Organization's ability to meet its commitments. The Committee stressed the importance of reactivating—in view of the seriousness of the situation—the open-ended discussion group on timely payment of assessed contributions. In its decision IDB.18/Dec.11, the Board decided that the open-ended discussion group on timely payment of assessed contributions should continue its work under the chairmanship of Mr. A. Benmoussa (Morocco). Subsequently, the General Conference reiterated the concerns expressed by the Committee and requested the intersessional open-ended discussion group to present concrete recommendations to the Board at its nineteenth session (GC.7/Dec.10). In resolution GC.7/Res.2 on the withdrawal of the United States of America, the Conference requested the discussion group, taking into account the difficult financial situation of UNIDO, to examine the various options for the recovery of arrears contained in document IDB.18/18, as well as any other proposals coming from Member States, and to make concrete recommendations to the Board at its nineteenth session.

The Board will have before it:

- Open-ended discussion group on timely payment of assessed contributions. Report by the Chairman, Mr. A. Benmoussa (Morocco) (IDB.19/12)

- Financial situation of UNIDO. Report by the Director-General (IDB.19/13)

- Financial situation of UNIDO. Update of document IDB.19/13. Note by the Secretariat (IDB.19/CRP.3)

Item 12. Matters related to intergovernmental, non-governmental, governmental and other organizations

Article 19.1 of the Constitution stipulates that the Director-General may, with the approval of the Board and subject to guidelines established by the General Conference: (a) enter into agreements establishing appropriate relationships with other organizations of the United Nations system and with other intergovernmental and governmental organizations; (b) establish appropriate relations with non-governmental and other organizations the work of which is related to that of the Organization; and that when establishing such relations with national organizations the Director-General shall consult with the Governments concerned.

Guidelines regarding relationships with the organizations mentioned above were established by the Conference in decision GC.1/Dec.41. In accordance with these guidelines, the Director-General shall: (a) present the draft texts of agreements with other organizations of the United Nations system to the Board for its approval; (b) circulate among the members of the Board information on intergovernmental and governmental organizations that have expressed the wish to enter into agreements with UNIDO and seek the approval of the Board before concluding an appropriate relationship agreement with the organizations concerned; and (c) circulate among the members of the Board information on international and national non-governmental organizations and other organizations seeking consultative status, following which the Board shall decide whether to accord consultative status to the organizations concerned in accordance with the guidelines established by the Conference.

The Board will have before it:

- Applications from non-governmental organizations for consultative status. Note by the Director-General (IDB.19/4)

Item 13. Personnel matters, including composition of the Secretariat

The General Conference, in decision GC.7/Dec.17, requested the Director-General to implement the staff separation programme resulting from the 1998-1999 programme and budgets, in accordance with the policy

and guiding principles described in paragraphs 5 to 11 of document PBC.13/16.

By decision GC.1/Dec.37 the General Conference accepted the Regulations of the United Nations Joint Staff Pension Fund and established the UNIDO Staff Pension Committee. In its decision GC.7/Dec.20, the Conference elected the two members and two alternate members of the UNIDO Staff Pension Committee for the biennium 1998-1999. One of the member posts will become vacant upon the departure from Vienna of Mr. S.O. Fatunla (Nigeria), and the Board may wish to proceed with the election for that post for the remainder of the term in accordance with Conference decision GC.7/Dec.20, paragraph (b).

The Board will have before it:

- Personnel matters. Report by the Director-General (IDB.19/9)
- List of staff of the UNIDO Secretariat as of 1 May 1998 (IDB.19/CRP.1)

Item 14. Provisional agenda and date of the twentieth session

In accordance with rule 10.2 of the rules of procedure, the Director-General shall submit to the Board at each regular session the provisional agenda for the following regular session. In decision IDB.18/Dec.18, the Board decided on the following dates for the fourteenth session of the Programme and Budget Committee and the twentieth session of the Board:

9-11 September	Programme and Budget Committee, fourteenth session
19-20 November	Industrial Development Board, twentieth session

The Board will have before it:

- Provisional agenda and date of the twentieth session. Note by the Director-General (IDB.19/CRP.5)

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20 January 1998

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Industrial Development Board
Nineteenth session
Vienna, 18-20 May 1998

LISTS OF STATES INCLUDED IN ANNEX I TO THE CONSTITUTION OF UNIDO

Note by the Secretariat

1. Reference is made to the Lists of States included by the Depositary in Annex I to the Constitution of UNIDO, contained in document UNIDO/GC.1/3. According to Annex I to the Constitution, the Lists of States to be included by the Depositary (Secretary-General of the United Nations) in that Annex are the lists determined by the General Assembly of the United Nations for the purpose of section II, paragraph 4, of General Assembly resolution 2152 (XXI), as in effect on the date the Constitution entered into force, namely on 21 June 1985.

2. As of 1 January 1998, 168 States were Members of UNIDO. Of these, 164 are shown in the Lists of States to be included by the Depositary in Annex I to the Constitution (see overleaf). The following 4 States have become Members of UNIDO but are not yet included in any of those lists:

State	Date of accession
Tajikistan	9 June 1993
Uzbekistan	26 April 1994
Turkmenistan	16 February 1995
Kazakhstan	3 June 1997

Pursuant to paragraph 1 of Annex I to the Constitution, if a State not listed in any of those lists becomes a Member of UNIDO, the General Conference shall decide, after appropriate consultations, in which of those lists it is to be included. The matter will be brought to the attention of the Conference at its eighth session for consideration.

3. The present note supersedes document GC.7/22/Rev.1.

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A. States from List A of document UNIDO/GC.1/3

Afghanistan
Algeria
Angola
Bahrain
Bangladesh
Benin
Bhutan
Botswana
Burkina Faso
Burundi
Cambodia
Cameroon
Cape Verde
Central African Republic
Chad
China
Comoros
Congo
Côte d'Ivoire
Democratic People's Republic of Korea
Democratic Republic of the Congo
Djibouti
Egypt
Equatorial Guinea
Eritrea
Ethiopia
Fiji
Gabon
Gambia
Ghana
Guinea
Guinea-Bissau
India
Indonesia
Iran (Islamic Republic of)
Iraq
Israel
Jordan
Kenya
Kuwait
Kyrgyzstan
Lao People's Democratic Republic
Lebanon
Lesotho
Liberia
Libyan Arab Jamahiriya
Madagascar
Malawi
Malaysia
Maldives
Mali
Mauritania
Mauritius
Mongolia
Morocco
Mozambique
Myanmar
Namibia
Nepal
Niger
Nigeria
Oman
Pakistan
Papua New Guinea
Philippines
Qatar
Republic of Korea
Rwanda
Sao Tome and Principe
Saudi Arabia
Senegal
Seychelles
Sierra Leone
Somalia
Sri Lanka
Sudan
Swaziland
Syrian Arab Republic
Thailand
Togo
Tonga
Tunisia
Uganda
United Arab Emirates
United Republic of Tanzania
Vanuatu
Viet Nam
Yemen
Yugoslavia[a]
Zambia
Zimbabwe

B. States from List B of document UNIDO/GC.1/3

Austria
Belgium
Cyprus
Denmark
Finland
France
Germany
Greece
Ireland
Italy
Japan
Luxembourg
Malta
Netherlands
New Zealand
Norway
Portugal
Spain
Sweden
Switzerland
Turkey
United Kingdom of Great Britain and Northern Ireland

C. States from List C of document UNIDO/GC.1/3

Argentina
Bahamas
Barbados
Belize
Bolivia
Brazil
Chile
Colombia
Costa Rica
Cuba
Dominica
Dominican Republic
Ecuador
El Salvador
Grenada
Guatemala
Guyana
Haiti
Honduras
Jamaica
Mexico
Nicaragua
Panama
Paraguay
Peru
Saint Kitts and Nevis
Saint Lucia
Saint Vincent and the Grenadines
Suriname
Trinidad and Tobago
Uruguay
Venezuela

D. States from List D of document UNIDO/GC.1/3

Albania
Armenia
Azerbaijan
Belarus
Bosnia and Herzegovina
Bulgaria
Croatia
Czech Republic
Georgia
Hungary
Lithuania
Poland
Republic of Moldova
Romania
Russian Federation
Slovakia
Slovenia
The former Yugoslav Republic of Macedonia
Ukraine

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[a] Concerning Yugoslavia, see resolution GC/S.1/Res.1 adopted by the General Conference at its first special session.

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United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Industrial Development Board

Nineteenth session
Vienna, 18-20 May 1998
Item 5 of the provisional agenda

UNIDO TECHNICAL COOPERATION ACTIVITIES IN 1997, INCLUDING OPERATIONAL ACTIVITIES FOR DEVELOPMENT

Operational activities for development

Note by the Director-General

Summary

Reports on the assessment of UNIDO's implementation of General Assembly resolution 50/120 and subsequent relevant decisions and resolutions in preparation for the triennial comprehensive policy review of operational activities for development

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Introduction

1. In 1998, the General Assembly of the United Nations will undertake its triennial comprehensive policy review of operational activities for development. In preparation for this review, organizations of the United Nations development system, as well as resident coordinators and donor and recipient Governments, were requested to provide an assessment of the implementation of General Assembly resolution 50/120, as well as subsequent relevant General Assembly and Economic and Social Council decisions and resolutions, to identify areas requiring further policy guidance by the General Assembly. Given the changing context of operational activities, and taking into account the important reforms being implemented within the system and by the United Nations itself, special emphasis would be given to assessing the implications of these reforms and the changing requirements of recipient countries as well as new perspectives for major donor countries.

2. An interim report on measures taken and planned by UNIDO for the implementation of General Assembly resolution 50/120 was submitted to the Industrial Development Board at its seventeenth session in document IDB.17/14. At that session, the Board took note of the information provided (GC.7/5, para. 37).

I. UNIDO RESPONSE TO GENERAL ASSEMBLY RESOLUTION 50/120

3. The triennial comprehensive policy review of the operational activities for development of the United Nations system in response to General Assembly resolution 50/120 will focus on five major areas: (a) evaluation of operational activities; (b) evolution of operational activities for development; (c) field structures, field coordination and the resident coordinator system (RCS); (d) programme development and support issues; and (e) role of other partners. A summary of UNIDO's response follows. The full report is available from the Secretariat upon request.

A. Evaluation of operational activities

4. The focus and impact of UNIDO's operational activities during the period 1995-1997 are largely a reflection of the reform process undertaken by the Organization to meet the challenges of the new global economy and the changed needs and requirements of recipient and donor countries.

5. On the basis of new thematic priorities during 1995-1997, major achievements have been: (a) to better link the global forum role of UNIDO and its technical cooperation activities to provide greater focus and relevance and thus development impact; (b) a stronger geographical focus on Africa and least developed countries; (c) a sharper focus on small- and medium-scale industries, as well as a sectoral focus on agro- and agro-support industries; and (d) stronger and more extensive cooperation with the private sector.

6. Specific attention was paid to quality, cost-effectiveness and sustainability, supported by a new screening and project cycle management process.

7. UNIDO's regular evaluation activities encompass programme evaluations, thematic evaluations and project evaluations. During the period, UNIDO carried out evaluations on some of its specific programmes: industrial subcontracting; investment promotion; quality, standardization and metrology; and the environment programme supporting the establishment of national cleaner production centres and the implementation of international conventions. These evaluations clearly resulted in positive assessments on the impact and effectiveness of the Organization's operational activities, and confirmed their relevance.

8. In general terms, the evaluation of UNIDO programmes and projects showed a continuing positive trend in terms of project performance, achievement of objectives and quality of project design.

9. In an effort to support and upgrade national evaluation capacities, UNIDO always involves national counterparts in self-evaluation and in-depth evaluation activities, and also supports joint evaluations. Experience to date shows an increasing awareness of recipient authorities of the importance and usefulness of such evaluation exercises.

10. In recognition of the need for ensuring an adequate institutional memory of the United Nations development system about the results of operational activities, UNIDO has developed and operates a range of databases and information systems.

B. Evolution of operational activities for development

11. Industrial development is a critical dimension of the overall economic and social development of developing countries and countries with economies in transition. By raising an economy's productivity, industrialization creates the basis for achieving long-term and sustainable increases in standards of living and thus for fighting poverty effectively. Industry is the main driving force of technological advances throughout the economy and, through its linkages to other sectors, is essential to the creation of productive employment and economic progress.

12. The need for long-term visions and strategies of industrial development with public and private sector participation is widely acknowledged among developing countries. So too is the necessity of promoting regionally balanced patterns of development. Industrial strategy-setting, beyond correcting market failures, provides an overall orientation for economic agents and a unifying perspective for the different actors in society.

13. UNIDO is the only United Nations agency providing integrated support to the development of an efficient industrial sector through information, advisory and technical cooperation services at all relevant levels. It combines expertise horizontally across different industrial subsectors and vertically at different levels ranging from upstream policy advice to institutional support and enterprise-level assistance. It thus brings to bear on industrial development issues a holistic perspective and programmatic approach. Industrial development is seen by UNIDO as a means for overall economic and social development, not as an objective in its own right. Accordingly, in UNIDO support activities emphasis is placed on providing catalytic inputs into developing countries' broader economic development programmes as well as on creating strategic linkages between industry and other sectors of the economy, primarily agriculture and high-value-added services. This is no doubt the most promising approach for providing a long-term solution to the fight against poverty.

14. In the light of the above analysis, the following principal trends emerge at the country and regional level to which UNIDO's operational activities are responding:

(a) A growing importance of the private sector as the principal agent of economic development;

(b) The need to develop integrated responses to often complex and multidimensional development challenges;

(c) Enhanced attention to environmental issues, both at the country level (e.g. in addressing industrial pollution and cleaner production issues) and at the level of trans-border and global environmental challenges, such as climate change and depletion of the ozone layer;

(d) The need to better link and cross-fertilize the analytical and normative work of the United Nations system with operational activities;

(e) The challenge for the United Nations system to achieve not only a better integration of its own activities but also to assume a lead role in overall donor coordination so as to maximize development impact for recipient countries;

(f) The need to respond to the increasing diversification of support requirements in different developing regions.

15. As regards the mobilization of resources for operational activities, UNIDO has diversified its sources of funding and is less dependent on a single source, as was the case before 1994 with the United Nations Development Programme (UNDP) providing a major share. The decline in UNDP core funding has stabilized and a gradual recovery is foreseen to continue.

16. Following a stagnation under the Industrial Development Fund and other trust funds in 1997 due to the political uncertainty surrounding UNIDO, a recovery and increase of these sources of funds is being witnessed and is expected to continue in the coming years. Furthermore, an important shift towards environment-related funding can be noticed, in particular by the Montreal Protocol, but also by governmental contributions under trust funds.

17. UNIDO has not been directly involved in the emergency-type humanitarian aid required for immediate post-conflict assistance. Its support and assistance has always been directed towards reconstruction and rehabilitation of the industrial and manufacturing sector, aiming to ensure self-sustaining development as early as possible.

18. The change in the functional relationship between Headquarters and field offices, which is being implemented in 1998 following the endorsement of the Business Plan by the General Conference in December 1997, is expected to enable UNIDO to respond more effectively to the requirements of developing countries and countries with economies in transition and thus to considerably enhance the impact of country-level operations.

C. Field structures, field coordination and the resident coordinator system

19. UNIDO strongly welcomes the strengthening of the RCS as a means of consolidating and harmonizing a joint United Nations system response to country-level support requirements in the context of the programme approach. Indeed, the programme approach not only requires the existence of clear government programmes but equally the capacity and readiness of the United Nations system to respond with joint support programmes drawing on the combined expertise and capabilities of the entire family of United Nations organizations.

20. Issues of main concern requiring substantive and coherent action at the field level are the need to pool

scarce resources, to enhance integrated programme development and to ensure transparency in the distribution of responsibilities among United Nations system organizations, irrespective of their size or nature (funding vs. technical cooperation). Substantial progress has been achieved through recent programming initiatives such as Country Strategy Notes (CSN), Common Country Assessments (CCA) and United Nations Development Assistance Frameworks (UNDAF).

21. At the same time, there is a continuing need to clearly define the responsibilities of agencies based on individual mandates to eliminate duplication and overlapping in areas pertaining to, among others, entrepreneurship development, investment promotion, technology development and adaptation, and energy.

22. It is a central objective of the RCS to harness the entire United Nations system's expertise and resources for the benefit of recipient countries. It is thus essential to ensure that the potential contributions of United Nations agencies not represented in each country are fully incorporated at the earliest stages of programme development by interacting with their respective Headquarters.

23. UNIDO's main areas of support to the RCS are cooperation in and provision of specialized information and data in the preparation of thematic reports, integrated programmes and programming tools such as CSN, CCA and UNDAF; active participation in field-level coordination committees; and acting as a resource unit for issues of industrialization and private sector development. As regards the recruitment process for Resident Coordinators, considerable improvements have been noticed, but the consultation process needs to be further developed to ensure that such positions are truly open to staff from all organizations of the United Nations system in a transparent manner.

24. The comprehensive restructuring of UNIDO's field representation, launched in January 1998 with the Organization's first global UNIDO Country Director (UCD) meeting at Headquarters, will address the following policy objectives: (a) achieving a higher degree of demand orientation; (b) increasing the Organization's development impact; and (c) shortening the response time in technical cooperation delivery.

25. To this effect, a number of measures will be implemented to reduce managerial overload at Headquarters and congestion in the channels of communication. The main instrument deployed will consist of a substantial transfer of staff and responsibilities and the delegation of related decision-making authority to the field on the one hand and the elimination of non-value-adding, complex and bureaucratic procedures on the other.

26. The role of field offices will be greatly enhanced to include, within the parameters established, identification of needs, formulation of country-level programmes/ projects, mobilization of resources, monitoring of implementation and selective project implementation.

27. UNIDO also fully endorses the concept of common premises for organizations with field presence, referred to by the Secretary-General as the "United Nations House". In the majority of cases, UNIDO's field offices have been and shall continue to be located in common premises with UNDP and other organizations. However, in countries where Governments or local institutions provide premises—and frequently also utilities—free of charge, the respective UNIDO country office may be located outside the United Nations system common premises for reasons of cost-effectiveness.

28. As regards the sharing of administrative services at the field level and notwithstanding the delegation of certain administrative decisions to UCDs, UNIDO will continue to delegate the bulk of its administrative services to UNDP, with the UCD having greater authority to take decisions in many cases which hitherto were referred to UNIDO Headquarters.

D. Programme development and support issues

29. UNIDO's policy on inter-agency cooperation is based on its active involvement and participation in all relevant mechanisms and modalities for strategic planning and coordinated programming at the country level. The United Nations system's strategic joint programming tools such as CSN, CCA and UNDAF can clearly contribute to the development of an integrated programme approach based on identified country priorities and technical cooperation requirements. All UNIDO field representatives have therefore been instructed to participate in the UNDAF pilot activities and to consider them as one of the most important components of their responsibilities. Experience so far shows that, if this initiative is approached in a transparent manner, resources are seriously pooled and genuine harmonization is ensured, the impact could be tremendous. In addition, attracting other donors to this initiative should be encouraged.

30. Common Country Assessments are considered an essential prerequisite for preparing UNDAFs and serve a useful purpose in identifying development prospects, constraints and bottlenecks to which the United Nations system can respond in an integrated and collaborative manner. They are actively supported by UNIDO.

31. As regards regional/subregional programme coordination, greater coherence of United Nations system activities is required. The RCS in its present form is not yet really geared towards these requirements. Greater United Nations system coherence for inter-country development activities could be achieved if subregional/regional programmes are implemented through a recognized subregional/regional institutional framework. The subregional field offices, which UNIDO will establish in the course of 1998, will also be equipped with technical staff capacities in addition to the subregional representative. It is expected that this new type of office will strengthen the Organization's capabilities in developing sustainable subregional/regional cooperation programmes and projects.

32. Another important element of programme development concerns the programme approach. Based on recent experience, UNIDO has developed and further refined its methodology for the programme approach. This has resulted in the formulation of integrated programmes covering the whole spectrum of activities linked to specific subjects, drawing on the wide range of capabilities available in the Organization and combining technical cooperation with its regular budget-funded services. In the 1998-1999 biennium, UNIDO plans to intensify its programme dialogue with other United Nations agencies and funds as well as with the World Bank and regional development banks with a view to identifying and elaborating programmes for joint implementation using complementary expertise and contributions from various United Nations partner organizations. It is suggested by UNIDO that the UNDAF process pay special attention to this somewhat neglected dimension of joint programme implementation.

33. Some misunderstandings still seem to persist on the precise relationship between CSN and UNDAF, specifically in terms of their complementarity and sequencing. Both processes, in many specific country situations, proceed in parallel and would appear to require close coordination and harmonization if they are to serve as a coherent basis for United Nations system operational activities. Their eventual full harmonization and integration is an issue deserving priority attention.

34. UNIDO welcomes the full participation of United Nations specialized agencies in the UNDAF process (including those agencies not represented at the country level). However, there is a dichotomy that needs to be addressed. While UNDAF is to incorporate the expertise, operations and technical capacity of the entire United Nations system, it is still basically conceived as an instrument to allow the programming of resources of the organizations participating in the Joint Consultative Group on Policy (i.e. United Nations funds and programmes). However, specialized United Nations agencies are not in a position to make advance financial commitments for their country-level programmes as these are to a significant degree funded from non-programmable extrabudgetary resources.

35. On the other hand, the elaboration of a genuinely coordinated United Nations system response to priority country-level assistance needs may, in and by itself, be an excellent instrument to mobilize resources from donors for targeted and integrated programmes.

36. UNIDO fully supports enhanced efforts in making full use of the National Execution (NEX) modality, as applied by UNDP in programme countries, whereby UNIDO acts as implementing agent whenever chosen by the government as the technically most competent agency based on its specialized expertise. This involves a broad range of implementation functions, from recruiting specialized project personnel to often technically complex subcontracts and equipment purchases. It also involves UNIDO's role in evaluating nationally-executed projects.

37. Among the main lessons drawn so far for NEX, the following should be highlighted: (a) early involvement of technical and specialized agencies during the design and formulation stage creates a good basis for determining the nature and extent of agency participation in programme and/or project implementation; (b) the role of national project directors is essential in ensuring good coordination of inputs; (c) the provision of technical support services by the agencies, such as those funded by the UNDP support for technical services (STS) facility, greatly contributes to efficient and effective delivery; (d) the existence of adequate institutional and managerial capacity in the country is an essential element for success; and (e) clear systems of accountability and specific guidelines in the implementation of the NEX modality are required.

38. Among the policy areas requiring further clarification (in particular in the context of the revised UNDP guidelines on NEX) are the role and modalities of involving non-governmental organizations (NGOs) and other non-United Nations entities in NEX; the role of UNDP country offices in providing direct support to executing and implementing agents under NEX; and the role of the United Nations Office for Project Services as implementing agent vis-à-vis United Nations specialized agencies.

39. Within the process of transformation of UNIDO under its new leadership, measures will be taken to simplify and rationalize rules and procedures. Over the years, the Organization has developed rule-bound and procedure-oriented control systems that tended to constrain the efficient and timely delivery of services to the clients in the field. The basic guiding principle now is

to change the control system from *ex-ante*, multiple authorizations to *ex-post* verification supported by individual accountability. New guidelines are also under preparation for simplified monitoring and evaluation procedures.

E. Role of other partners

40. In many developing countries, NGOs and civil society are development agents, in particular at the rural and grass-roots levels. In addition to NGOs and civil society being beneficiaries of UNIDO-funded projects, their services have been utilized for the implementation of some components/activities of UNIDO programmes and projects. This is particularly true of projects addressing thematic issues such as the integration of women in development, rural development, environment and energy and poverty reduction.

41. UNIDO also seeks to enhance and strengthen its relationship with the Bretton Woods institutions. It may be anticipated that the expected decentralization of World Bank operations to the country level will improve cooperation, both at the policy level as well as in operational activities. Better operation and focus of United Nations system activities at the country level may also contribute to better coordination. The integrated and selected thematic programmes UNIDO is developing in priority areas will further facilitate such cooperation. From the side of development financing institutions, simpler procedures and better access for the United Nations in areas of technical cooperation would however appear to be another precondition.

42. Close cooperation between the United Nations system and the Bretton Woods institutions could provide important advantages to both. Not only within the context of improved coordination and the resulting increase in effectiveness and impact, but also by allowing each party to concentrate on what they do best. Mutual confidence and acceptance of respective roles is a prerequisite for such improved cooperation. The most difficult area is likely to be the policy dialogue with Governments, as in the past in a number of cases Governments have looked upon the United Nations system as a second independent provider of policy advice. Decentralization could provide a boost to cooperation, but initiatives at the country level are required to operationalize the good intentions. This should be seen as key responsibility of the RCS.

43. The relationship within the donor community at the field level has been considerably improved by locally established United Nations/donor consultation mechanisms in some countries, often linked with thematically oriented teams which have given a prominent role to the related United Nations organizations present in the field. These mechanisms improve the image and coherence of the United Nations system and, at the same time, they can enhance donor involvement and funding. With the trend towards bilateralizing funding, and moving authority to the field level, these mechanisms become even more important.

II. ACTION REQUIRED OF THE BOARD

44. The Board may wish to take note of the present report and make appropriate recommendations.

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MATTERS RELATED TO INTERGOVERNMENTAL, NON-GOVERNMENTAL GOVERNMENTAL AND OTHER ORGANIZATIONS

Applications from non-governmental organizations for consultative status

Note by the Director-General

Summary

Provides information on the following six non-governmental organizations applying for consultative status with UNIDO: African Technology Development Link Inc. (Techlink), Association of Financial and Industrial Groups of Russia, International Association for Continuing Engineering Education (IACEE), International Center on Small Hydro Power, International Network of Subcontracting, Industrial Cooperation and Partnership Organizations (RIOST), World LPG Association (WLPGA).

1. In accordance with Article 19.1 (b) of the Constitution of UNIDO and the Guidelines for the Relationship of UNIDO with intergovernmental, governmental, non-governmental and other organizations (decision GC.1/Dec.41), in particular paragraph 17 of the annex thereto, information on six non-governmental organizations (NGOs) seeking consultative status with UNIDO is circulated to the members of the Board in the annex to the present document. More detailed information on each NGO is available with the Secretariat.

2. Paragraph 17 of the Annex to the Guidelines stipulates that the Board shall establish appropriate procedures for reviewing applications from NGOs for consultative status. To facilitate and accelerate its work, the Board may wish to follow the practice established at previous sessions and request the Bureau of the Board to review the applications of the six NGOs, and information thereon annexed to the present document, and to submit its recommendations to the Board for consideration at its current session.

For reasons of economy, this document has been printed in a limited number. Delegates are kindly requested to bring their copies of documents to meetings.

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Annex

NON-GOVERNMENTAL ORGANIZATIONS APPLYING FOR CONSULTATIVE STATUS

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The designations employed and the presentation of the material in the present document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization concerning the legal status of any country, territory, city or area, or of its authorities, or concerning the delimitation of its frontiers or boundaries.

* * * * *

AFRICAN TECHNOLOGY DEVELOPMENT LINK INC. (Techlink)

Historical background

Established in July 1997 at Wilmington, Delaware, United States of America, with the objective to promote technology awareness, development, dissemination and utilization on the African continent through strengthened interaction among policy makers, researchers, technology owners and users as well as donors.

Statutes

Available.

Structure of governing bodies and administration

Board of Trustees
Executive Director
Secretariat

Activities related to the work of UNIDO

(a) Forging links between Governments and the various institutions and organizations involved in technology development in Africa;

(b) Promoting and developing technology management programmes as well as technological and managerial training for SMEs;

(c) Developing databases and profiles on appropriate technology for SMEs;

(d) Organizing conferences, seminars, training workshops, exhibitions and technology fairs in African countries;

(e) Assisting SMEs to access information on the sustainable utilization of natural resources in production;

(f) Carrying out studies on technology policy as well as catalytic science, engineering and technology;

(g) Promoting the further involvement of women in science, engineering and technology programmes.

Relations with the United Nations and other IGOs

Cooperation with the United Nations Educational, Scientific and Cultural Organization.

Relations with NGOs

Cooperation with universities and research institutions.

Documentation confirming international character of membership

Available.

Membership

Organizations, enterprises and institutions working in or supporting technology development in African countries.

Address of headquarters

Jitegemea Place - D4
Jabava Road
Hurlingham
P.O. Box 47149
Nairobi, Kenya
Tel: (254-2) 712 556
Fax: (254-2) 710 654
E-mail: techlink@malone.net

ASSOCIATION OF FINANCIAL AND INDUSTRIAL GROUPS OF RUSSIA

Historical background

Established in January 1996 in Moscow, Russian Federation, by 24 founder entities, with the objective to unite their efforts in enhancing and developing productive operations and to contribute to the establishment of new viable financial and industrial structures in the economy of the Russian Federation.

Statutes

Available.

Structure of governing bodies and administration

General Assembly
Council
Executive Committee
Chairman of the Council
Managing Directorate

Activities related to the work of UNIDO

(a) Promoting and coordinating projects that aim to improve corporate management, optimize financial and economic mechanisms, as well as enhance scientific and technological potential in the Russian Federation;

(b) Arranging for training and management courses related to industry and finance;

(c) Encouraging the dissemination of information related to industrial and financial matters and supporting analytical research;

(d) Organizing conferences, seminars, symposiums and exhibitions with a view to promoting Russian technology in domestic and foreign markets, sharing experience and knowledge;

(e) Seeking opportunities for grants, loans and contracts to enable local communities to manage their resources.

Relations with the United Nations and other IGOs

Has applied for observer status with the United Nations Conference on Trade and Development. Participates in the Technical Assistance for the Commonwealth of Independent States (TACIS) programme of the European Union.

Relations with NGOs

Partnerships or cooperation agreements with chambers of commerce, associations of manufacturers and enterprises, trade unions, bank associations, etc., in the Russian Federation and abroad.

Documentation confirming international character of membership

Not applicable.

Membership

Over 40 financial and industrial groups representing banks, financial institutions and enterprises.

Address of headquarters

Pr. Novy Arbat, 19
103025 Moscow
Russian Federation
Tel: (70-95) 251-9990
Fax: (70-95) 251-9484

INTERNATIONAL ASSOCIATION FOR CONTINUING ENGINEERING EDUCATION (IACEE)

Historical background

Established in May 1989 in Beijing, China, during the opening session of the Fourth World Conference on Continuing Engineering Education, with the objective to promote continuing professional development and lifelong learning for engineers and technicians worldwide.

Statutes

Available.

Structure of governing bodies and administration

General Membership Meeting
Council
Executive Committee
Secretary-General

Activities related to the work of UNIDO

(a) Promoting and facilitating international technology transfer;

(b) Developing and strengthening cooperation between education and industry with the view to improving the quality of education and training of engineers and technicians, and of technical information;

(c) Facilitating access to and dissemination of information on continuing engineering education and cleaner production technologies;

(d) Organizing and sponsoring conferences, seminars, workshops and training courses;

(e) Promoting and carrying out research in the field of continuing engineering education.

Relations with the United Nations and other IGOs

Operational relations with the United Nations Educational, Scientific and Cultural Organization. Accredited to the United Nations Fourth World Conference on Women. Negotiating cooperation with the Organisation for Economic Cooperation and Development.

Relations with NGOs

Close cooperative relations with the founder organizations (10 regional and national engineering education organizations). Cooperation with the World Federation of Engineering Organizations, the International Federation of Information and Documentation and the International Association of Universities. Co-founder of the Global Information Alliance.

Documentation confirming international character of membership

Available.

Membership

More than 550 members in 74 countries worldwide, i.e. engineering education organizations, professional organizations, industrial organizations and companies, academic institutions and individual members.

Address of headquarters

c/o Helsinki University of Technology
Dipoli, P.O. Box 8000
02015 Hut (Espoo),
Finland
Tel: (358-9) 451 4028
Fax: (358-9) 451 4060
E-mail: IACEE@hut.fi
Internet: http://www.dipoli.hut.fi/org/IACEE/

INTERNATIONAL CENTER ON SMALL HYDRO POWER

Historical background

Established in December 1994, at Hangzhou, China, on the joint initiative of UNIDO, UNDP, UNESCO and other relevant organizations, with the objective to promote small hydro power development worldwide through policy and technical cooperation and hence supply the rural areas of developing countries with environmentally sound, affordable and adequate energy.

Statutes

Available.

Structure of governing bodies and administration

Coordinating Committee
Director

Activities related to the work of UNIDO

(a) Facilitating the transfer of proven small hydro power technology, in particular from Asian to African countries;

(b) Advising developing countries in the formulation of appropriate policies for small hydro power development;

(c) Promoting the dissemination and exchange of information, know-how and experience on small hydro power development and management;

(d) Training and/or coordinating ongoing training activities of engineers and technicians from developing countries in planning, designing and implementing hydro power units;

(e) Organizing and sponsoring conferences, symposiums, workshops, seminars and exhibitions on small hydro power machinery and equipment;

(f) Carrying out surveys, studies and research on hydro power generation and distribution systems, particularly on their environmental impact.

Relations with the United Nations and other IGOs

Cooperation with the International Atomic Energy Agency, the E7 Network of Expertise for Global Environment, the United Nations Economic and Social Commission for Asia and the Pacific.

Relations with NGOs

Cooperation with the China International Center for Economic and Technical Exchange, the Latin America Energy Organization, the Energy Management Centre, the European Small Hydropower Association, etc.

Documentation confirming international character of membership
Available.

Membership
129 organizations in 62 countries.

Address of headquarters
P.O. Box 607
Hangzhou 310006
China
Tel: (86-571) 7055489 or 7053105
Fax: (86-571) 7055492
E-mail: hic@public.hz.zj.cn

INTERNATIONAL NETWORK OF SUB-CONTRACTING, INDUSTRIAL CO-OPERATION AND PARTNERSHIP ORGANIZATIONS (RIOST)

Historical background
Established in 1990 at Brussels, Belgium, with the objective to promote and develop subcontracting, industrial cooperation and partnership through networking activities of its members.

Statutes
Available.

Structure of governing bodies and administration
General Assembly
Administrative Committee
Steering Committee

Activities related to the work of UNIDO
(a) Encouraging the scientific, technical, technological, commercial and managerial development of subcontracting enterprises;

(b) Promoting the dissemination and exchange of information, know-how and experience on subcontracting;

(c) Identifying and promoting industrial partnerships among enterprises;

(d) Promoting transnational and national co-operation and networking in the field of subcontracting;

(e) Carrying out surveys, studies and research.

Relations with the United Nations and other IGOs
Cooperation with the European Commission.

Relations with NGOs
Cooperation with its members (Assembly of French Chambers of Commerce and Industry (ACFCI), Danish Federation of Crafts, Engineering Industries Association).

Documentation confirming international character of membership
Available.

Membership
30 chambers of commerce and industry, trade unions, professional associations, training centers, universities, and other organizations involved in subcontracting.

Address of headquarters
12, Avenue Minerve
1190 Brussels
Belgium
Tel/Fax: (32-2) 345 74 61
E-mail: riost.bruxelles@skynet.be

WORLD LPG ASSOCIATION (WLPGA)

Historical background
Established in June 1987 at Dublin, Ireland, under the initial name of the World LPG Forum, with the objective to promote worldwide the use of liquefied petroleum gas (LPG) as a safe, convenient, clean and efficient fuel.

Statutes
Available.

Structure of governing bodies and administration
General Assembly
Board of Directors
Executive Committee

Activities related to the work of UNIDO
(a) Promoting cooperation and exchange of information and know-how among all parties concerned with LPG use;

(b) Encouraging technology developments with a view to improving the safety and efficiency of LPG use;

(c) Carrying out surveys, studies and research on LPG use;

(d) Creating and raising awareness of using of LPG in the industrial sector as a safe, clean and efficient source of energy.

Relations with the United Nations and other IGOs

Consultative status Category II with the United Nations Economic and Social Council.

Cooperative relations with the International Atomic Energy Agency, the International Maritime Organization, the International Standardization Organization, the United Nations Economic Commission for Europe, the United Nations Environment Programme and the World Bank.

Relations with NGOs

Cooperative relations with numerous industrial and business associations.

Documentation confirming international character of membership

Available.

Membership

122 member organizations in 34 countries.

Address of headquarters

4, Avenue Hoche
75 008 Paris
France
Tel: (33-1) 40 53 70 30
Fax: (33-1) 40 53 70 33
E-mail: wlpga@msn.com
Internet: www.wlpga.com

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MATTERS RELATED TO INTERGOVERNMENTAL, NON-GOVERNMENTAL, GOVERNMENTAL AND OTHER ORGANIZATIONS

Applications from non-governmental organizations for consultative status

Note by the Director-General

Addendum

Since the publication of document IDB.19/4, one further application from a non-governmental organization (NGO) for consultative status in accordance with Article 19.1 (b) of the Constitution of UNIDO has been received. Information on that organization—Deula-Nienburg (German Academy for Agriculture and Technology)—is circulated to the Board in the annex to the present document. More detailed information on the organization is available with the Secretariat.

For reasons of economy, this document has been printed in a limited number. Delegates are kindly requested to bring their copies of documents to meetings.

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Annex

DEULA-NIENBURG

(German Academy for Agriculture and Technology)

Historical background

Founded in 1945 at Oldershausen, Germany, as a public corporation and became a non-profit limited company in 1992 with the objective to contribute to rural development and social peace through education and training for managers and experts.

Statutes

Available.

Structure of governing bodies and administration

Board of Directors
Managing Director

Activities related to the work of UNIDO

(a) Developing training and educational programmes in agro-industry in Central and Eastern Europe, Africa, Asia and the Pacific;

(b) Organizing and sponsoring conferences, seminars and workshops;

(c) Disseminating information to rural communities and enterprises on appropriate production and manufacturing technologies, marketing methods, quality standards, environmentally friendly production methods;

(d) Promoting the transfer and acquisition of agro-based industrial technology and know-how as well as cleaner production technologies.

Relations with NGOs

Cooperation with numerous NGOs based in Germany such as professional associations, chambers of commerce, etc.

Documentation confirming international character of membership

Not applicable.

Membership

Organizations and individuals.

Address of headquarters

Max-Eyth-Strasse 2
31582 Nienburg (Weser)
Germany
Tel.: (49-5021) 97280
Fax: (49-5021) 972810

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SECOND INDUSTRIAL DEVELOPMENT DECADE FOR AFRICA

Implementation of the programme for the Second Industrial Development Decade for Africa

Report by the Director-General

Summary

Discusses the 1998-1999 programme framework for the Second IDDA.Reports on progress achieved in areas addressed by the General Conference in resolutions GC.7/Res.5 and GC.7/Res.6.

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Introduction

1. At its seventeenth session the Industrial Development Board adopted decision IDB.17/Dec.4 which endorsed the Plan of Action for the Alliance for Africa's Industrialization (AAI) as the implementation mechanism for a refocused Second Industrial Development Decade for Africa (IDDA) programme and requested the Director-General to ensure that the Plan of
Action serves as a framework for the future activities of UNIDO in Africa, particularly for its least developed countries (LDCs). Document IDB.17/26 highlighted key elements of the Plan of Action for the Alliance for Africa's Industrialization, including its linkages with IDDA.

2. Subsequently, the seventh regular session of the General Conference adopted resolution GC.7/Res.5, which further endorsed the Plan of Action for the Alliance for Africa's Industrialization. In the same resolution, the Conference also requested the Director-General to maintain an identifiable and enhanced management structure for the IDDA and stressed the necessity for cooperation with relevant partners including donor countries. Resolution GC.7/Res.6 invited partners as well as the private sector to participate in the meeting of donors to be organized by UNIDO in 1998, in cooperation with other major institutions. These mandates are addressed in the present document.

I. PROGRAMME FRAMEWORK FOR 1998-1999

3. The framework of the programme for the Second Industrial Development Decade for Africa during the biennium 1998-1999 is based on the functions and priorities as described in the Business Plan on the Future Role and Functions of UNIDO.

4. It is essential to restate key policy guidelines in the Business Plan which will serve as benchmarks for the IDDA programme. Future UNIDO activities "will be directed primarily to support institutions rather than to individual enterprises, thus emphasizing upstream activities such as policy advisory services and institutional capacity-building. Support will be provided for the development of small and medium enterprises (SMEs) as the principal means for achieving equitable and sustainable industrial development". In this connection the Business Plan prescribes that UNIDO would provide its support primarily in comprehensive packages of integrated services through interdisciplinary team-building. Added emphasis will be given to (a) services to LDCs, in particular in Africa, with special attention to the regional and subregional level; (b) services in support of agro-based industries and their integration through subsectoral linkages into national industrial structures; and (c) services in support of SMEs and their integration into national industrial structures.

5. To ensure that resources are effectively utilized to serve the needs of Member States, the overall programme framework will endeavour to achieve four primary goals:

(a) Refocus the use of IDDA resources in order to ensure that greater impact is achieved at the country level. To achieve this goal:

(i) IDDA/AAI projects will need to conform to the priorities and functions of UNIDO as contained in the Business Plan and must address activities and actions in the Alliance's Plan of Action;

(ii) There will be reduced support to meetings and staff travel and a redirection of funds to technical cooperation projects;

(iii) Preference will be given to projects and programmes that effectively integrate UNIDO services and demonstrate a genuine collaboration between two or more technical branches. In this regard, a more careful screening of projects will be combined with a reduction of "red tape" in the approval process;

(b) Ensure greater involvement of donors and other United Nations agencies in the programme and ensure effective leveraging of additional resources for country programmes. In this connection, IDDA/AAI projects will include clear strategies for mobilizing additional funds for implementing or financing follow-up activities. Project managers will be encouraged to ensure effective coordination of IDDA/AAI activities with United Nations system activities at the country level;

(c) Promote ownership by Member States of IDDA/AAI country programmes through the establishment of effective implementation mechanisms at the country and subregional levels, and greater participation of the private sector. To achieve this goal, emphasis will be on:

(i) Support for capacity-building for the establishment of Industrial Partnership Councils (IPCs) as called for in the Alliance's Plan of Action. The Councils will constitute a public-private sector consultative mechanism for policy dialogue, programme formulation and implementation. They will work closely with the UNIDO field representation system. To date, work has been started in 19 countries for the establishment of IPCs;

(ii) Consistent with the call in the Business Plan for the decentralization/devolution of authority for project/programme formulation and implementation to UNIDO field offices, some IDDA resources will be allocated to UNIDO Country Directors to facilitate their timely

response to requests for preparatory assistance and recruitment of national consultants;

(d) Ensure equitable distribution of projects among Member States with particular attention to LDCs. In this regard, 50 per cent of IDDA funds will be utilized for programmes and projects in LDCs.

II. IDENTIFIABLE MANAGEMENT STRUCTURE

6. With the streamlining and refocusing of the Organization in accordance with the Business Plan, the functions of the former IDDA Coordination Unit have been primarily amalgamated into the Africa and LDCs Bureau, whose terms of reference cover essentially activities related to the IDDA/AAI programme, with special focus on LDCs. At the same time, the Arab Countries Bureau—as stated in the relevant section of the programme and budgets, 1998-1999—will contribute to IDDA/AAI coordination with regard to African Arab countries.

III. MOBILIZATION OF ADDITIONAL FUNDS

7. In response to General Assembly resolution 52/208 as well as to General Conference resolutions GC.7/Res.5 and GC.7/Res.6, the Director-General initiated contacts with the United Nations Development Programme and the African Development Bank to solicit their cooperation in organizing a donors conference in late 1998 or early 1999. The main goal will be to obtain commitment to and pledges for industrial development programmes. During the conference, donors will be presented with a portfolio of fully developed programmes and projects ready for approval This portfolio will consist of two types of activities:

(a) Integrated programmes in response to objective 3 of the Plan of Action: "Industrial transformation of natural resources, particularly through the development of agro-industries". These programmes will be designed after an in-depth analysis of a country in close cooperation with the authorities and the private sector and will address a (sub)sector through an integrated package of policy advice, technical cooperation projects and investment promotion activities;

(b) A series of high-impact thematic programmes. These will address objective 4: "Coherent strategies for the development of competitive small and medium industries" and objective 5: "Enhancement of institutional capacity-building, including human resources development, at the policy, institutional and enterprise levels, and integration of women in industry". The new programme approaches introduced by the Director-General will also serve as a guide for the development of programmes under these thematic areas.

IV. ACTION REQUIRED OF THE BOARD

8. The Board may wish to take note of the framework laid down for the implementation of the IDDA/AAI programme during the biennium 1998-1999, including the organization of the donors conference for funds mobilization.

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PERFORMANCE INDICATORS

Intersessional working group on the future role and functions of UNIDO

Report of the Chairman
(Mr. I. Posta, Hungary, President, Industrial Development Board)

Summary

Provides information on the activity of the working group since the resumed eighteenth session of the Board.

1. In its decision IDB.18/Dec.14, the Board requested the intersessional working group to continue its work under the chairmanship of Mr. I. Posta (Hungary). The working group was requested in particular to further develop, in consultation with the Secretariat, a set of criteria and indicators that would allow the future assessment of the implications and monitoring of the implementation of the UNIDO reform process, including the performance of the Organization, in particular through the programme and budgets. The group was further requested to take into consideration in its work the proposals contained in the report of the External Auditor for the improvement of the functioning of UNIDO. In compliance with decision IDB.18/Dec.14, the Chairman of the intersessional working group submits the present report to the Board at its nineteenth session.

2. At its meeting on 27 February 1998, the intersessional working group considered a paper prepared by the Secretariat on proposed UNIDO performance indicators. It was generally agreed that performance indicators were an important tool that could be applied to the work of UNIDO, and that the work done so far by the Secretariat to develop such indicators was to be commended. A clear-cut opinion emerged that performance indicators should help Member States to judge and

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evaluate the progress of the implementation of the Business Plan and the programme and budgets. The set of performance indicators to be elaborated should be an efficient tool to ensure that decisions made by the governing bodies of UNIDO are fulfilled.

3. The performance indicators should enable Member States to judge efficiency-related issues of the Organization. Performance indicators should be few and interlinked; their introduction should be gradual and they should then be assessed on the basis of experience gained. The set of performance indicators should serve the purpose of transparency in terms of target-setting and of implementation control and should be quantitative as well as qualitative.

4. The Secretariat was encouraged to continue its work on the development of performance indicators and to keep Member States informed thereon. Conversely, Member States were invited to assist the Secretariat in further developing the indicators.

5. The group proposed the provision of concrete information to the nineteenth session of the Industrial Development Board (18-20 May 1998) in the form of a conference room paper that would report on the further progress of the work of developing performance indicators (e.g. interlinkages among the indicators and clarification of their relationship to the Business Pan). A formal submission should be made to the twentieth session of the Board (19-20 November 1998). At that time, a decision should be taken to apply performance indicators to the work of the Organization as of 1 January 1999.

ACTION REQUIRED OF THE BOARD

6. The Board may wish to take note of the information provided in the present document.

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INTERNATIONAL CENTRE FOR SCIENCE AND HIGH TECHNOLOGY

Progress report by the Director-General

1. In resolution GC.7/Res.12 the General Conference took note of the ending of the Institutional Agreement between the Government of Italy and UNIDO regarding the International Centre for Science and High Technology (ICS). The Conference requested the Director-General to initiate consultations with the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the Government of Italy in order to continue the ongoing activities and projects as well as approved pipeline projects and to develop future cooperation in the field of industrial technology, in accordance with the Business Plan. The Conference also requested the Director-General to present a progress report on these consultations to the Board at its nineteenth session.

2. Subsequently, the ICS Steering Committee was convened to approve the ICS work programme and budget. In finalizing those documents, account was taken of comments contributed by a UNESCO representative invited as an observer to the Steering Committee.

3. A dialogue with UNESCO is expected to proceed upon receipt of a reply to the UNIDO initiative to commence consultations. At the suggestion of UNIDO, UNESCO is expected to designate a counterpart with whom possible areas of cooperation in the field of industrial technology, in accordance with the UNIDO Business Plan, will be explored.

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United Nations Industrial Development Organization ORIGINAL: ENGLISH

Industrial Development Board
Nineteenth session
Vienna, 18-20 May 1998
Item 7 of the provisional agenda

INDUSTRIALIZATION OF THE LEAST DEVELOPED COUNTRIES

Implementation of the least developed countries programme

Progress report by the Director-General

Summary

Updates the information provided in documents GC.7/9 and Add.1 and reports on activities in support of least developed countries from October 1997 to March 1998.

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Introduction

1. The present document updates and supplements information provided in document GC.7/9/Add.1 and thus covers activities and special programmes that were initiated or implemented during the period 1 October 1997 to 1 March 1998. The report should also be read in conjunction with the Annual Report of UNIDO 1997 (IDB.19/10, chap. V.G).

I. IMPLEMENTATION

2. Delivery of UNIDO services and technical cooperation to the least developed countries (LDCs) in 1997 reached a level of $12 million, indicating an increase of 17.5 per cent as compared to 1996. This included $11.2 million (93 per cent) for African LDCs, including Arab LDCs in the region. Moreover, these figures do not include regional, interregional and global projects from which LDCs have benefited together with other developing countries.

3. Within the context of special regional programmes for African and Asian LDCs, the implementation of the following programmes was actively pursued during the reporting period:

(a) As a follow-up to the needs assessment project in 18 African and 8 Asian LDCs, country-specific projects were developed dealing with business information networking. The main objective of the project RAINBO (Regional African Information Network for Business Opportunities) is to network the existing information resources in African LDCs and make them available and accessible to all users (domestic and international business communities) through the Internet. The project will establish the basis for a one-stop shop, identifying value-added services that can be provided to small and medium industries (SMIs) which are currently not being serviced. The project documents are being sent to relevant United Nations Development Programme offices and potential donors for financial consideration. A similar project is being developed for small island developing states, most of which are LDCs;

(b) As part of a preparatory assistance project examining existing physical and institutional capacities in 10 African and 5 Asian LDCs in quality control, standardization, testing and metrology (QSTM), two subregional meetings were held in 1997: at Arusha, United Republic of Tanzania (28-30 October) and at Vientiane, Lao People's Democratic Republic (12-14 November). The meetings adopted three subregional programmes (two for English- and French-speaking African LDCs and one for Asian LDCs) to identify priority needs of concerned LDCs and formulating specific recommendations to strengthen their local QSTM capacities. The programme for African LDCs is being developed as a high-impact programme for submission to potential donors;

(c) As a regular feature of UNIDO's LDC programme, the Fourth Ministerial Symposium on the Industrialization of the Least Developed Countries was held in Vienna from 26 November to 5 December 1997 in tandem with the seventh session of the General Conference. The Symposium provided a forum for Ministers to discuss industrial competitiveness in LDCs within the context of increasing globalization. The conclusions and recommendations adopted by the Symposium, as well as a programme of action for the biennium 1998-1999, were annexed to General Conference resolution GC.7/Res.4.

4. In cooperation with the International Jute Organization, a new project will focus on the biotechnological application of enzymes for making pulp and paper from green jute/kenaf in Bangladesh. Approved in October 1997 with financing by the Common Fund for Commodities ($1.5 million), the project will lead to sustained demand for raw jute, thereby safeguarding the interests of a large number of jute farmers. The process will also help to reduce consumption of polluting chemicals and to reduce costs in paper-making industries. As executing agency, UNIDO will provide technical expertise and assistance in pulp and paper manufacturing using non-wood raw material.

5. UNIDO involvement in the Economic and Social Commission for Asia and the Pacific (ESCAP) Meeting of Ministers of Industry and Technology (Bangkok, 23-24 February 1998) included participation in the preparatory Regional Dialogue on Promoting Industrial and Technological Complementarities (Beijing, 23-26 November 1997). Extensive discussions by the Ministers focused on LDCs in the region. The meeting also reviewed UNIDO/ESCAP cooperation in capacity-building, technology transfer, investment and technology promotion, development of agro-based industries and requisite institutional strengthening for LDCs in Asia and the Pacific.

II. FOCUS ON PRIORITY PROGRAMMES

6. The LDC programme will continue to give highest priority to such programmes as capacity-building and upstream activities, human resources development with special emphasis on development of entrepreneurship for women, SMIs, investment promotion as well as environmental programmes. In particular, the focus for the current biennium will be on the recommendations and conclusions of the Fourth Ministerial Symposium, which will be transcribed into special activities at the global, regional or country level.

7. UNIDO will strengthen its cooperation with LDC programmes of other United Nations agencies. Information on UNIDO inputs to the pilot seminar on mobilization of investment funds to LDCs was provided in document GC.7/9/Add.1 (para. 3). Jointly sponsored with the United Nations Conference on Trade and Development (UNCTAD) in June 1997, the seminar generated a follow-up project for joint UNIDO/UNCTAD implementation. The project focuses on building capacity in the LDCs to attract foreign investment through venture capital funds, and UNIDO's role will be to train entrepreneurs in investment project preparation and to cooperate in organizing regional and subregional workshops.

8. In the spirit of inter-agency cooperation as well as in response to the recommendations of the Fourth Ministerial Symposium, UNIDO will cooperate closely with the World Trade Organization (WTO) in follow-up activities and implementation of the recommendations of the WTO High-Level Meeting on LDCs held in Geneva in October 1997. Contacts have been established to work out the practical modalities.

9. Every effort will be made to ensure that LDCs receive the highest benefit from the new integrated UNIDO products that the Director-General is developing for the biennium 1998-1999 for UNIDO services. These integrated products will cover dimensions such as poverty alleviation and employment creation as well as small and medium enterprise development, quality and standardization, and environmental programmes.

10. In the light of the highest priority being given to Africa and LDCs in the Business Plan, the Director-General has specifically decided that "in the new UNIDO, every division and branch will be held accountable for both the quality and level of their programme delivery in Africa and LDCs." The Director-General will provide further specific instructions on the relevant mechanisms to ensure the accountability of all UNIDO divisions and branches to the LDC programme.

III. ACTION REQUIRED OF THE BOARD

11. The Board may wish to take note of this information provided in the present document.

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Industrial Development Board

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Item 13 of the provisional agenda

PERSONNEL MATTERS, INCLUDING COMPOSITION OF THE SECRETARIAT

Report by the Director-General

Summary

Provides information on the implementation of the staff separation and redeployment programme including financial and budgetary aspects, composition of the Secretariat and other personnel-related issues.

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Introduction

1. The present document provides information on the following matters: (a) the implementation of the staff separation and redeployment programme, including financial and budgetary aspects; (b) composition of the Secretariat; (c) system-wide developments and consequent amendments to schedules I and III to the staff regulations; and amendments to appendices A and C to the staff rules; (d) UNIDO Staff Pension Committee; and (e) action required of the Board.

I. IMPLEMENTATION OF THE STAFF SEPARATION AND REDEPLOYMENT PROGRAMME

Abolition of posts

2. The General Conference at its seventh session in decision GC.7/Dec.16 approved the 1998-1999 programme and budgets, which reflected a 20 per cent budget reduction including a net abolition of 143.5 posts. This number excludes the new General Service posts approved for the field and the possible reduction of posts in Buildings Management Service should this service be transferred to another organization in 1999.

Staff separation

3. In document IDB.18/15/5/Rev.1, Member States were provided with an estimate of the number and cost of staff separations on the basis of the 143.5 abolished posts foreseen in the 1998-1999 programme and budgets. The estimate of 123 staff (43 P and 80 GS) at a cost of $15.9 million took account of: (a) vacant posts in programmes having post abolitions; (b) the transfer of posts to the field; (c) the placement on UNIDO posts of Professional-level field staff financed from United Nations Development Programme funds in 1997; (d) the financial vacancy factor in the 1998-1999 budget; and (e) the limited possibilities for redeployment to vacant posts of staff occupying posts to be abolished, having regard to the programmatic requirements of the Business Plan and the approved programme and budgets.

4. Based on decision GC.7/Dec.17, a voluntary separation programme was promulgated on 9 January 1998, following staff management consultations, as foreseen in Article V of the Staff Regulations. The impact of the voluntary programme in terms of staff numbers is shown in table 1.

5. The voluntary separation programme was so conducted as to take account of the policy and guiding principles adopted by Member States in decision GC.7/Dec.17 as well as the severe financial constraints facing UNIDO and the resulting imperative to contain the cost of the staff separation programme.

Table 1. Personnel impact of voluntary separation programme

	Professional	General Service	Total
(1) Applications from staff	28	89	117
(2) Applications rejected	9	16	25
(3) Separating staff	19	73	92
(4) Staff due to retire[a]	5	2	7
(3) + (4) Total staff	**24**	**75**	**99**

[a]Charged to the Separation Indemnity Fund (SIF).

Programme budget considerations—Cash availability

6. The financial impact of the voluntary separation programme is presented in table 2. In implementing the staff separation programme, the Director-General recognized that the budgetary approval for the staff separation programme in decision GC.7/Dec.17 was not backed by cash resources. The securing of funds to finance the programme was of utmost importance to avoid a severe financial crisis. To this end, the Director-General reduced cash outflows through the introduction of stringent controls on expenditures and disbursements. The cash resources thus secured, together with the cash surplus from the 1992-1993 unutilized balances and the remaining balance of the 1996 staff separation reserve, were utilized to finance the immediate costs of voluntary separations. Of the estimated cost of the voluntary separation programme of $10.8 million, an amount of $8.3 million had been disbursed/committed as at 31 March 1998.

7. In the absence of the necessary cash resources to fully implement staff separations in line with the programmatic demands of the Business Plan and the approved programme and budgets, the targets of the mandated budget reductions had to be achieved while containing related expenditures and, as a result, the number of staff separations. Thus, the voluntary separation programme was combined with a staff redeployment programme, whereby staff members who encumbered posts abolished or, as a result of programme and budget provisions, were without post and who were not included in the voluntary separation programme were, under the 1998-1999 budgetary provisions, redeployed to programmes having vacant posts or were assigned to programmes on vacant posts provisionally borrowed from other programmes. The decision to limit the number of separations through staff redeployment was taken after giving careful attention to the following budgetary and programmatic considerations:

(a) From a budgetary viewpoint, it was important to ensure that overencumbency of 1998-1999 posts be avoided, i.e. budgetary resources for 1998-1999 should not be overspent;

(b) From a programmatic viewpoint, it was necessary to ensure that resource allocations in terms of posts be utilized in accordance with programmatic requirements.

Table 2. Financial impact of voluntary separation

	Number of approved applications	Full-time equivalents	Staff due to retire (costs charged to SIF)	Total charged to SIF	Cost US$
	(1)	(2)	(3)	4 = (2+3)	(5)
Professional	19	19	5	24	3,970,714
General Service	73	65.5[a]	2	67.5	6,772,811
Total	92	84.5	7	91.5	10,743,525

[a]Excluding General Service field staff.

8. As it was not feasible to fully reconcile both the budgetary and programmatic demands in the absence of cash resources to effect further separations, the Director-General determined that budgetary considerations should take precedence in the short term.

9. Therefore, through the voluntary separation programme and redeployment of staff, the Director-General achieved the necessary budgetary reduction and was able to ensure that the financial credibility of the budget was maintained. However, in view of the possible negative impact on the programmes affected by such assignments, a further review of staff redeployments and utilization of redeployed posts will need to be made having regard to programmatic requirements. Thus, a staff separation programme may still be necessary in cases where the skills profile of redeployed staff does not meet programmatic needs, or alternatively, where staff members have been redeployed to posts provisionally borrowed from other programmes.

10. Table 3 provides a reconciliation of the estimates presented to Member States in document IDB.18/15/5/Rev.1 and the current estimates. The projected unutilized balance of $5.1 million reflects a number of factors related to the number of staff separating and the average cost of separations. These factors include: (a) reduced expenditures due to the lower actual number of staff separated and charged to the SIF; (b) actual costs compared to estimates; and (c) the shorter period of overencumbency of posts.

Table 3. Reconciliation of estimates

	Staff			Provisional costs (millions of US$)		
	P + above	GS	Total	P + above	GS	Total
IDB.18/15/5/Rev.1	43	80	123	7.9	8.0	15.9
Voluntary separations (full-time equivalents, including staff due to retire charged to SIF)[a]	(24)	(67.5)	(91.5)	(4.0)	(6.8)	(10.8)
Staff transferred to otherfunds[b]	(8)	-	(8)	-	-	-
Change in vacancy assumptions	-	(2.5)	(2.5)	-	-	-
Staff not separated/unspent balance	11	10	21	3.9	1.2	5.1

[a]See table 2.

[b]Extrabudgetary and ad hoc posts.

11. Table 4 shows the situation as at 1 April 1998 with regard to established posts and staff on board on such posts following the implementation of the voluntary separation programme.

Table 4. Budgeted posts and staff on board (1 April 1998)

	Profes-sional	General Service	Total
Established posts 1998-1999	288	279.5	567.5
Staff on board on established posts	264	272.0	536.0
Budget vacancy factor (5% for Professional, 3% for GS posts)	14	8.0	
Available posts	10	(0.5)	

Notes: 1. Excludes Buildings Management Service and field GS staff.

2. Nine GS posts will be abolished as of 1 January 1999.

12. In view of the number of vacant posts as at 1 April 1998, a limited opportunity exists in budgetary terms to utilize the resources from vacant posts to employ staff. This will assist in the acceleration of programme implementation following the disruptive process of staff separation and organizational restructuring.

II. COMPOSITION OF THE SECRETARIAT

13. Following the review of applications described above, a total of 19 applications from staff in the Professional and higher categories were approved, of which 6 (32 per cent) were from women staff members, and 73 applications from staff in the General Service category. Of the 25 applications rejected, 9 were from Professional-level staff of which 3 were from women.

14. Table 5 indicates the total number of staff who had separated as of 28 February 1998 or will separate after special leave without pay in connection with voluntary separation. Table 6 shows the total number of staff who separated through natural attrition during the period 1 January through 28 February 1998. The figures are broken down by category, gender and division under the organizational structure applicable prior to the new structure announced in Director-General's bulletin UNIDO/DGB(M).79 of 9 February 1998 and subsequent bulletins. Table 7 shows the total number of staff in the Professional and higher categories and in the General Service category before and after the implementation of the voluntary separation programme, and takes into account natural attrition and recruitment. Table 8 shows the geographical representation of staff in the Professional and higher categories whose appointments are subject to geographical distribution before and after the implementation of the voluntary separation programme and takes into account natural attrition.

Table 5. Staff separated in the voluntary separation programme
(as of 28 February 1998)

Category	GM	CFD	RPD	HEPD	ISED	ITPD	DA	TOTAL
Professional	3	6	0	2	3	4	1	19
Female	2	3	0	0	1	0	0	6
Male	1	3	0	2	2	4	1	13
General Service	5	13	5	5	9	5	31	73
Female	5	12	4	5	9	5	24	64
Male	0	1	1	0	0	0	7	9
Total	8	19	5	7	12	9	32	92
Female	7	15	4	5	10	5	24	70
Male	1	4	1	2	2	4	8	22

Table 6. Other staff separated, 1 January-28 February 1998

Category	GM	CFD	RPD	HEPD	ISED	ITPD	DA	TOTAL
Professional	1	1	1	0	1	1	0	5
Female	0	1	0	0	0	0	0	1
Male	1	0	1	0	1	1	0	4
General Service	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0
Male	0	0	0	0	0	0	0	0
Total	1	1	1	0	1	1	0	5
Female	0	1	0	0	0	0	0	1
Male	1	0	1	0	1	1	0	4

Table 7. Comparative table of staff[a]

	31 December 1997				1 March 1998[b]				
Category	Male	Female	%[c]	Total	Male	Female	%[c]	Total	Change
P5 and above	95	13	12	108	95	13	12	108	0
P1 to P4	132	53	29	185	121	47	28	168	-17
Subtotal	227	66	23	293	216	60	22	276	-17
General Service	152	316		468	144	255		399	-69
Total	379	382		761	360	315		675	-86

[a]Headquarters staff, including UNIDO Offices at Geneva and New York and those on assignment in the field.

[b]Figures take account of natural attrition, the voluntary separation programme and recruitments.

[c]Percentage of females in total staff.

Table 8. Professional staff, by List of States[a]

	31 December 1997				1 March 1998				
List of States	Male	Female	%[b]	Total	Male	Female	%[b]	Total	Change
A and C	73	21	22	94	69	18	21	87	-7
B	90	36	29	126	82	32	28	114	-12
D	33	1	3	34	33	1	3	34	0
Others	18	5	22	23	14	5	26	19	-4
Total	214	63	23	277	198	56	22	254	-23

[a]In posts subject to geographical distributions.

[b]Percentage of female in total staff.

III. SYSTEM-WIDE DEVELOPMENTS

A. Amendments to schedules I and III of the staff regulations

15. As provided in Article 11.5 of the UNIDO Constitution, "The conditions of service of staff shall conform as far as possible to those of the United Nations common system". In accordance with that principle, staff regulation 13.3 provides that the Director-General is authorized, within the budgetary level approved by the General Conference, to make appropriate amendments to the schedules and annexes to the staff regulations so as to bring them into conformity with any relevant decisions that may be taken by the General Assembly of the United Nations on the recommendation of the International Civil Service Commission (ICSC).

16. In section I.C of resolution 52/216 on the United Nations Common System, the General Assembly recalled section I.H of resolution 44/198, by which it established a floor net salary level for staff in the Professional and higher categories by reference to the corresponding net base salary levels of officials in comparable positions serving at the base city of the comparator civil service (the federal civil service of the United States of America). Accordingly, following the recommendation of ICSC, it approved with effect from 1 March 1998 a revised base scale of gross and net salaries for staff in the Professional and higher categories and changes in the staff assessment rates for staff in these categories with neither a dependent spouse nor a dependent child. The revised base/floor salary scale reflects an upward adjustment by 3.1 per cent with implementation on a "no loss, no gain" basis. Consequently, concomitant with the introduction of the revised scale on 1 March 1998, post adjustment multipliers applicable at all duty stations were scaled down by 3.1 per cent and revised multipliers for all duty stations, including Vienna, were promulgated by ICSC effective 1 March 1998.

17. Pursuant to staff regulation 13.3, schedule I (salary scales for the Professional and higher categories) and schedule III (staff assessment) of the UNIDO staff regulations have been amended as explained below.

Schedule I: Salary scales for the Professional and higher categories

18. The revised salary scales are contained in annex I to the present document.

Schedule III: Staff assessment

19. The revised table entitled "Assessment (continued)", as it relates to staff without primary dependents, is contained in annex II to the present document.

B. Appendices A and C to the staff rules

Appendix A to the staff rules

20. Staff regulation 6.5 (a) provides that "The Director-General shall fix the salary scales for staff in the General Service and related categories, normally on the basis of the best prevailing conditions of employment in the locality, taking into account the recommendations of the International Civil Service Commission." Based on the approved ICSC methodology, which takes into account changes in the consumer price and wage indices over a period of 12 months, and in consultation with the other Vienna-based organizations, the Director-General implemented an interim adjustment of the salary scales for General Service and related categories of 0.82 per cent, effective 1 April 1997. This scale applies to a limited number of staff members in the General Service category recruited on or after 1 October 1996.

Appendix C to the staff rules

21. In accordance with the procedure approved by the General Assembly in its resolution 41/208 for adjusting the pensionable remuneration in between comprehensive reviews, and following the promulgation by ICSC of the revised scales of pensionable remuneration, appendix C to the staff rules was amended to show the revised scales of pensionable remuneration for the Professional and higher categories, effective 1 November 1997.

22. The revised appendices A and C are contained in annexes III and IV to the present document.

C. Related financial implications

23. The implementation of the revised base/floor salary scale for staff in the Professional and higher categories is coupled with a corresponding downward adjustment in the post adjustment portion of remuneration, based on the "no loss, no gain" formula. Thus, the overall remuneration amount (base salary plus post adjustment) remains the same, and there are no financial implications in terms of net salary levels. Financial implications relate to the mobility and hardship allowance for staff who are eligible to receive the allowance, and end-of-service entitlements such as repatriation grant and termination indemnity, as the base/floor salary scale is used to determine these entitlements.

24. The additional costs to UNIDO for the biennium 1998-1999, based on the eligibility of UNIDO staff for the mobility and hardship allowance and staff separations through retirement would amount to $20,100 under the regular budget and $10,800 under the operational budget. These costs can be absorbed under the budgetary provision of 1.9 per cent per annum covering anticipated

cost increases in salaries and related common staff costs in the Professional and higher categories. Should there be additional staff separations in these categories, additional costs would be incurred in terms of termination indemnity and repatriation grant.

25. The financial implications of the adjustments to appendices A and C to the UNIDO Staff Rules are minimal and can be absorbed within the staff cost allocations contained in the programme and budgets, 1998-1999.

IV. REPRESENTATION OF THE UNIDO GOVERNING BODY ON THE UNIDO STAFF PENSION COMMITTEE

26. The UNIDO Staff Pension Committee established by the General Conference in decision GC.1/Dec.37 held four meetings (in five sessions) and one informal brainstorming meeting in 1997.

27. The following representatives of the General Conference, who, by decision GC.7/Dec.20, were elected for the biennium 1998-1999, presently hold office for a term ending 31 December 1999:

Members:	Mr. S. O. Fatunla (Nigeria) Ms. M. Bruck-Friedrich (Austria)
Alternate members:	Mr. J. Pogany (Hungary) Mr. M. Katra (Lebanon)

28. Owing to the departure of Mr. Fatunla from Vienna, the post of one member will become vacant. In this connection it is recalled that in GC.7/Dec.20 the General Conference "authorized the Industrial Development Board to proceed with the election for any of the above-mentioned posts which might become vacant before the General Conference holds its eighth session." Accordingly the Board may wish to proceed with the election for this post.

V. ACTION REQUIRED OF THE BOARD

29. The Board may wish to consider the adoption of the following draft decision:

"The Industrial Development Board:

"(a) Takes note of the information contained in the report by the Director-General on personnel matters (IDB.19/9);

"(b) Notes the amendments made, in pursuance of staff regulation 13.3, to schedules I and III of the staff regulations to bring them into conformity with the decision of the General Assembly set out in its resolution 52/216, section I.C;

"(c) Also notes the amendments to appendices A and C to the staff rules as reflected in paragraphs 20 and 21 of document IDB.19/9;

"(d) Recalls General Conference decision GC.7/Dec.20 concerning election to the UNIDO Staff Pension Committee for the biennium 1998-1999;

"(e) Notes that the post of one member, Mr. S. O. Fatunla (Nigeria), has been left vacant;

"(f) Decides, in accordance with paragraph (b) of General Conference decision GC.7/Dec.20, to elect ..... (.....) as member for that vacant post for the remainder of the biennium 1998-1999."

Annex I

SCHEDULE I

SALARY SCALES FOR THE PROFESSIONAL AND HIGHER CATEGORIES SHOWING ANNUAL GROSS SALARIES AND THE NET EQUIVALENTS AFTER APPLICATION OF STAFF ASSESSMENT

(United States dollars)

Effective 1 March 1998

	STEPS														
LEVEL	**I**	**II**	**III**	**IV**	**V**	**VI**	**VII**	**VIII**	**IX**	**X**	**XI**	**XII**	**XIII**	**XIV**	**XV**
Director															
D-2 Gross	109 741	112 164	114 591	117 016	119 442	121 869									
Net D	78 390	79 919	81 447	82 975	84 504	86 032									
Net S	72 056	73 338	74 615	75 890	77 167	78 443									
Principal Officer															
D-1 Gross	97 119	99 168	101 216	103 261	105 310	107 358	109 407	111 476	113 552						
Net D	70 324	71 633	72 942	74 249	75 558	76 867	78 176	79 485	80 793						
Net S	65 012	66 156	67 299	68 440	69 583	70 726	71 869	72 976	74 068						
Senior Officer															
P-5 Gross	85 685	87 516	89 347	91 192	93 046	94 898	96 751	98 605	100 457	102 310	104 164	106 016	107 869		
Net D	62 983	64 168	65 352	66 537	67 721	68 905	70 089	71 274	72 457	73 641	74 826	76 009	77 194		
Net S	58 486	59 570	60 653	61 705	62 740	63 773	64 807	65 842	66 875	67 909	68 944	69 977	71 011		
First Officer															
P-4 Gross	70 619	72 382	74 141	75 913	77 700	79 483	81 269	83 054	84 839	86 623	88 406	90 197	92 003	93 811	95 619
Net D	53 196	54 353	55 507	56 660	57 817	58 971	60 126	61 281	62 436	63 590	64 744	65 901	67 055	68 210	69 365
Net S	49 523	50 584	51 643	52 700	53 758	54 814	55 871	56 928	57 985	59 041	60 096	61 150	62 158	63 166	64 175
Second Officer															
P-3 Gross	57 720	59 351	60 984	62 613	64 246	65 889	67 542	69 197	70 851	72 506	74 159	75 824	77 500	79 176	80 854
Net D	44 669	45 754	46 839	47 923	49 008	50 093	51 178	52 263	53 348	54 434	55 518	56 603	57 687	58 772	59 858
Net S	41 685	42 683	43 682	44 679	45 678	46 675	47 670	48 667	49 662	50 658	51 654	52 648	53 640	54 632	55 626
Associate Officer															
P-2 Gross	46 458	47 883	49 305	50 728	52 149	53 572	54 996	56 453	57 915	59 372	60 830	62 291			
Net D	37 035	38 006	38 976	39 946	40 916	41 886	42 857	43 826	44 798	45 768	46 737	47 709			
Net S	34 741	35 622	36 500	37 380	38 258	39 138	40 017	40 909	41 804	42 696	43 588	44 482			
Assistant Officer															
P-1 Gross	35 382	36 718	38 051	39 386	40 719	42 052	43 388	44 722	46 081	47 449					
Net D	29 317	30 251	31 183	32 116	33 048	33 979	34 914	35 845	36 777	37 710					
Net S	27 655	28 515	29 372	30 230	31 087	31 944	32 804	33 661	34 508	35 353					

D = Rate applicable to staff members with a dependent spouse or child.

S = Rate applicable to staff members with no dependent spouse or child.

Annex II

SCHEDULE III

STAFF ASSESSMENT

Regulation 6.8 (a)

(i) The assessment shall be calculated at the following rates for staff whose salary rates are set forth in regulation 6.1 of the present regulations:

Assessment
(in percentages)

Total assessable payments (US dollars)	Staff assessment rates for purposes of pensionable remunerations and pensions
Up to $20,000 per year	11
$20,001 to $40,000 per year	18
$40,001 to $60,000 per year	25
$60,001 and above per year	30

Assessment (*continued*)

Staff assessment rates used in conjunction with gross base salaries and the gross amounts of separation payments

Total assessable payments (US dollars)	Staff member with a dependent spouse or a dependent child	Staff member with neither a dependent spouse nor a dependent child
First $15,000 per year	9.0	11.8
Next $5,000 per year	18.1	24.5
Next $5,000 per year	21.5	27.0
Next $5,000 per year	24.9	31.5
Next $5,000 per year	27.5	33.4
Next $10,000 per year	30.1	35.7
Next $10,000 per year	31.8	38.2
Next $10,000 per year	33.5	38.8
Next $10,000 per year	34.4	39.8
Next $15,000 per year	35.3	40.8
Next $20,000 per year	36.1	44.2
Remaining assessable payments	37.0	47.4

(ii) The assessment shall be calculated at the following rates for staff whose salary rates are established under regulation 6.5 (a) of the present regulations:

Total assessable payments (US dollars)	Assessment (per cent)
Up to $20,000 per year	19
$20,001 to $40,000 per year	23
$40,001 to $60,000 per year	26
$60,001 and above per year	31

(iii) The Director-General shall determine which of the scales of assessment set out in (i) and (ii) above shall apply to staff whose salary rates are established under regulation 6.4 or 6.6 of the present regulations.

Annex III

Appendix A

SALARY SCALES FOR GENERAL SERVICE AND RELATED CATEGORIES

I. General Service category

Showing annual gross, gross pensionable and net salary after application of staff assessment
(in Austrian schillings)

Effective 1 April 1997

LEVEL	STEPS											
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII*
G-1 Gross	296 112	305 940	315 769	325 597	335 426	345 255	355 083	364 912	374 740	384 569	394 397	404 226
Gross pens.	291 948	301 291	310 635	319 992	329 821	339 649	349 478	359 307	369 135	378 964	388 792	398 621
Net	236 478	244 046	251 614	259 182	266 750	274 318	281 886	289 454	297 022	304 590	312 158	319 726
G-2 Gross	344 331	355 703	367 074	378 445	389 817	401 188	412 560	423 945	435 777	447 609	459 442	471 274
Gross pens.	338 726	350 097	361 469	372 840	384 212	395 583	406 955	418 326	429 697	441 069	452 440	463 812
Net	273 607	282 363	291 119	299 875	308 631	317 387	326 143	334 899	343 655	352 411	361 167	369 923
G-3 Gross	400 117	413 273	426 543	440 232	453 922	467 611	481 300	494 989	508 678	522 368	536 057	549 746
Gross pens.	394 512	407 668	420 823	433 979	447 135	460 291	473 447	486 603	499 759	512 914	526 070	539 226
Net	316 562	326 692	336 822	346 952	357 082	367 212	377 342	387 472	397 602	407 732	417 862	427 992
G-4 Gross	466 328	482 166	498 004	513 842	529 680	545 518	561 355	577 193	593 031	608 869	624 707	640 917
Gross pens.	459 059	474 279	489 500	504 721	519 942	535 162	550 383	565 604	580 825	596 046	611 266	626 487
Net	366 263	377 983	389 703	401 423	413 143	424 863	436 583	448 303	460 023	471 743	483 463	495 183
G-5 Gross	544 034	562 358	580 682	599 007	617 331	635 674	655 326	674 978	694 630	714 283	733 935	753 587
Gross pens.	533 736	551 347	568 957	586 568	604 178	621 788	639 399	657 723	676 048	694 372	712 696	731 021
Net	423 765	437 325	450 885	464 445	478 005	491 565	505 125	518 685	532 245	545 805	559 365	572 925
G-6 Gross	633 942	656 574	679 312	702 049	724 787	747 525	770 262	793 000	815 738	838 475	861 213	883 951
Gross pens.	620 142	640 562	661 764	682 965	704 166	725 368	746 569	767 771	788 972	810 173	831 375	852 576
Net	490 297	505 986	521 675	537 364	553 053	568 742	584 431	600 120	615 809	631 498	647 187	662 876
G-7 Gross	745 397	771 704	798 012	824 319	850 626	876 933	903 241	929 548	955 855	982 162	1 008 470	1 034 777
Gross pens.	723 384	747 914	772 443	796 973	821 503	846 033	870 562	895 092	919 622	944 152	969 376	995 683
Net	567 274	585 426	603 578	621 730	639 882	658 034	676 186	694 338	712 490	730 642	748 794	766 946

Dependency allowances:

Dependent spouse	AS 5,280
Dependent child under 10	AS 22,717
10 and over	AS 25,717
19 and over	AS 29,317
Additional allowance for first child of single, widowed, divorced or legally separated parent	AS 5,479
Secondary dependant	AS 2,400

The secondary dependant allowance for a dependent parent, brother or sister was abolished as of 1 July 1981. Payment will be maintained, however, for staff members already in receipt of this allowance prior to 1 July 1981 who are otherwise eligible.

Language allowance: First additional language—AS 16,551 per year net; second additional language—S 8,276 (to be included in pensionable remuneration).

Increments: Salary increments within the levels shall be awarded annually, on the basis of satisfactory service.

Non-resident's allowance: AS 26,000 per year net (to be included in pensionable remuneration) for eligible staf appointed prior to 1 September 1983 and nil thereafter for staff serving in Vienna.

*Long-service step:

The qualifying criteria for in-grade increase from step XI to step XII are as follows:

(a) The staff member should have had at least 20 years of service within the United Nations common system and five years of service at step XI of the current grade;
(b) The staff membe's service should have been satisfactory.

Annex IV

Appendix C (100 Series)

SCALE OF PENSIONABLE REMUNERATION FOR THE PROFESSIONAL AND HIGHER CATEGORIES

Scale of pensionable remuneration

(For purposes of pension benefits and pension contributions)
(In United States dollars)

Effective 1 November 1997

	STEPS														
LEVEL	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV	XV
D-2.....	137 029	140 143	143 257	146 368	149 482	152 596									
D-1.....	121 365	123 854	126 342	128 826	131 315	133 927	136 593	139 260	141 923						
P-5.....	107 410	109 662	111 913	114 165	116 417	118 666	120 918	123 170	125 419	127 671	129 923	132 180	134 593		
P-4.....	88 804	91 002	93 195	95 389	97 587	99 781	101 977	104 173	106 368	108 562	110 756	112 957	115 150	117 345	119 542
P-3.....	73 911	75 798	77 685	79 569	81 457	83 343	85 228	87 117	89 092	91 156	93 218	95 280	97 342	99 403	101 468
P-2.....	60 636	62 326	64 012	65 700	67 386	69 074	70 761	72 446	74 136	75 822	77 508	79 197			
P-1.....	47 217	48 842	50 462	52 084	53 705	55 325	56 949	58 569	60 190	61 812					